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ACTING MEMBER
STATE BOARD OF EQUALIZATION

June 8, 2005

ADMINISTRATION OF WELFARE AND VETERANS' ORGANIZATION EXEMPTIONS

The information contained herein responds to numerous inquiries about the roles and responsibilities of the State Board of Equalization ("Board") and the county assessors, relating to the administration of the welfare and veterans' organization exemptions (collectively referred to herein as "the welfare exemption").

Effective for claims filed on or after January 1, 2004, Senate Bill 1062 (Chapter 471, Statutes of 2003) streamlined the administration of the welfare exemption to eliminate the duplicative review of exemption claims by the Board and the county assessors. Under this streamlined administration, the Board has the sole jurisdiction to determine whether an organization is eligible for the welfare exemption, and the county assessor has the sole jurisdiction to determine whether an organization's use of the property is eligible for the exemption. However, both the Board and the county assessors may audit an organization to ensure that the requirements for exemption have been met.

BOARD OF EQUALIZATION: ORGANIZATIONAL CLEARANCE CERTIFICATES

Organizations seeking the welfare exemption for the first time are required to file a claim for an Organizational Clearance Certificate ("OCC") with the Board using a form prescribed by the Board (Form BOE-277). With the form, organizations are required to file supporting documents such as articles of incorporation, tax exemption letter, and financial statement once with the Board.

If the Board determines that the organization qualifies for the exemption, the Board will issue an OCC. Once an OCC is issued, the OCC remains valid until the Board determines that the organization is no longer eligible for an OCC. The Board conducts an audit of every organization holding an OCC once every three years to verify the organization's continued eligibility for the OCC. Organizations eligible for the welfare exemption in 2003 automatically received an OCC from the Board.

If the Board's staff determines that an organization is not eligible for an OCC, or if an OCC was granted and the Board's staff thereafter determines that an organization is no longer eligible for an OCC, the Board will notify the organization in writing of the ineligibility or revocation, respectively. An organization may appeal the Board staff's finding within 60 days of the mailing date of the final notice of ineligibility or revocation.

The Board maintains a list of organizations holding a valid OCC on its website, which is updated on a quarterly basis. The Board also notifies the county assessors on a periodic basis of organizations that have had their OCC revoked.

COUNTY ASSESSORS: DETERMINATION OF QUALIFIED USE OF PROPERTY

Under the streamlined administration, the county assessors are required to review the welfare exemption claims to determine whether the use of the property qualifies for the exemption. The organization is required to file for the welfare exemption using a form prescribed by the Board with the assessor in the county in which the property is located (Form BOE-267, Form BOE-267-A and Form BOE-269-AH). The OCC must be filed with these claim forms.

The assessor may deny an exemption claim, based on an organization's non-qualifying use of the property, even though the Board has issued an OCC to the organization. However, the assessor may not grant a claim unless the claimant holds a valid OCC.

If the assessor determines that the property does not qualify for the exemption, the assessor is required to notify the organization in writing of its denial of the claim. The assessor is also required to provide notification that the organization may seek a refund of property taxes paid by filing a claim for refund with the county board of supervisors. If the refund claim is denied, the organization may file a refund action in Superior Court in the county in which the property is located.

ADDITIONAL INFORMATION AND RESOURCES

The Board has a variety of resources available to provide information regarding the welfare and veterans' organization exemptions, including the following:

- **Assessor's Handbook, Section 267, Welfare, Church, and Religious Exemptions**
This handbook provides a detailed overview of the requirements to qualify for the welfare exemption and the streamlined administration of the welfare and veterans' organizations exemptions. The handbook is available at:
<http://www.boe.ca.gov/proptaxes/pdf/ah267.pdf>.
- **Board's Welfare and Veterans' Organization Exemptions Webpage**
This webpage provides links to other Board websites, which provide information regarding the exemptions, forms and filing instructions for claiming the exemptions, and frequently asked questions. The link for this site is
<http://www.boe.ca.gov/proptaxes/welfarevets.htm>.

- **Board's Toll-Free Number: 1-800-400-7115**

Information may also be obtained by calling the Board's toll-free number, which provides continuous automated service.

- **Letters To Assessors**

The following Letters to Assessors (LTAs) discuss changes to the Welfare and Veteran's Organization Exemptions and are available on the Board's website. The link for this site is <http://www.boe.ca.gov/proptaxes/ltacont.htm>

2003: 2003/070 and 2003/095

2004: 2004/058

2005: 2005/019

- **Board's Staff**

The Board's Exemption Unit is available during normal business hours to answer questions regarding the exemptions and may be reached at (916) 445-3524. The Board's legal staff is also available to answer questions and may be reached at (916) 324-2622. You may also submit a written request for legal opinion to:

Tax and Fee Programs Division
Legal Department
State Board of Equalization
450 N Street, MIC: 82
P.O. Box 942879
Sacramento, CA 94279-0082